

Message Text

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SUBJECT: SECOND SESSION COMMISSION ON

FERTILIZERS - JUNE 3 - 7, 1975

/SUMMARY/: WHILE RECENT EASING OF PREVIOUS TIGHT FERTILIZER
SITUATION REFLECTED IN FAO DOCUMENTS, DISCUSSION BY
DELEGATES, SECOND SESSION COMMISSION ON FERTILIZER CONCLUDED
THAT EMERGENCY INTERNATIONAL FERTILIZER SCHEME BE CONTINUED
FOR ONE YEAR BUT RECOGNIZED PROBLEM FINANCING FERTILIZER
FOR MSA COUNTRIES NEEDS BE RESOLVED. LONG-TERM FORECASTS
FERTILIZER SUPPLY AND THREE NUTRIENTS COMBINED PUT AT 126
MILLION TONS IN 1980/81 IS EXPECTED EXCEED DEMAND BY THREE
MILLION TONS. THESE FORECASTS ARE IN LINE WITH FERTILIZER
REQUIRED TO MEET FOOD DEMAND FORECAST OF WORLD FOOD COUNCIL
SECRETARIAT PRESENTED SERIES OF PROPOSALS FOR WORLD FERTILIZER
POLICY AIMED AT GREATER MARKET STABILITY AND MEASURES TO
INCREASE FERTILIZER USE TO MEET GROWING FOOD NEEDS WHICH
DELEGATES APPEARED READY TO ACCEPT. /END SUMMARY/

1. SESSION OPENED BY BOMMER, ADG/AGR DIVISION, IN PRESENCE
47 DELEGATIONS (OF WHICH 27 WERE REPRESENTED FROM CAPITOLS)
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WHO CALLED ON COMMISSION TO CONSIDER ACTION NEEDED TO ACHIEVE

OBJECTIVES OF A WORLD FERTILIZER POLICY FOCUSED ON SOLUTION
IMMEDIATE SHORT-TERM PROBLEMS AND ON LONG-TERM MEASURES FOR
PROMOTING EXPANSION OF PRODUCTION AND CONSUMPTION OF FERTILIZERS,
PARTICULARLY IN DEVELOPING COUNTRIES.

2. R.S. SWIFT OF AUSTRALIA ELECTED CHAIRMAN. VICE CHAIRMEN
WERE P. FERNANDES OF INDIA AND J. TREMALS OF CUBA.
DRAFTING COMMITTEE CONSISTED OF SECOND VICE CHAIRMAN AS
CHAIRMAN WITH REPRESENTATIVES OF ALGERIA, COLUMBIA, NORWAY,
SRI LANKA, UNITED STATES AND ZAMBIA.

3. DISCUSSION ON ALL AGENDA ITEMS COMPLETED BY END SECOND
DAY. DELEGATES AND SECRETARIAT IN GENERAL AGREEMENT THAT
CRITICAL WORLD SUPPLY SITUATION EXISTING AT TIME OF FIRST
SESSION OF COMMISSION (JULY 1974) HAD EASED WITH WORLD FERTILIZER
CONSUMPTION IN 1973/74 UP 8.3 PERCENT WITH A FURTHER GROWTH
IN CONSUMPTION OF 5.6 PERCENT FORECAST FOR 1974/75.
AVAILABLE WORLD SUPPLY OF THREE PRIMARY NUTRIENTS IN 1975/76
EXPECTED TO EXCEED THE FORECAST DEMAND BY ABOUT 3.9 MILLION
TONS COMPARED TO ONE MILLION TONS IN 1974/75 AND ONLY
700,000 TONS IN 1973/74.

4. INTERNATIONAL FERTILIZER SCHEME REPORT ON OPERATIONS
INDICATED PLEDGE OF DOLLARS 76.8 MILLION IN KIND OR CASH, OF
WHICH DOLLARS 37.4 MILLION PROVIDED BY UNEO. BY END MAY 1975,
IFS EXECUTED 47 ASSISTANCE OPERATIONS INVOLVING 30 RECIPIENT
COUNTRIES AT COST OF DOLLARS 69.6 MILLION. IFS ESTIMATES OF
FERTILIZER IMPORT REQUIREMENTS OF MSA COUNTRIES AMOUNT TO 3.2
MILLION TONS OF PLANT NUTRIENTS FOR 1975/76 FERTILIZER YEAR.
CONTINUITY OF IFS FOR ANOTHER YEAR HAD GENERAL SUPPORT MOST
DELEGATIONS (BOTH DONOR AND RECIPIENTS) AS AN EMERGENCY OPERATION
THAT SHOULD END AS SUPPLY AND DEMAND COME INTO BALANCE AND
FERTILIZER FINANCING CAN BE RELATED TO SOLUTION MSA BALANCE
PAYMENTS PROBLEM.

4. ACTIVE PARTICIPATION DELEGATIONS IN DISCUSSION OTHER
AGENDA ITEMS TOOK PLACE WITHOUT MAJOR CONTROVERSY BUT
LIMITED SUBSTANTIVE CONTRIBUTIONS.

5. WHILE DOCUMENT ON LONGER TERM FERTILIZER SUPPLY/DEMAND
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POSITION AND ELEMENTS OF A WORLD FERTILIZER POLICY
AGS:F/75/7 ONLY AVAILABLE TO DELEGATES END FIRST DAY,
DISCUSSION COMPLETE DURING THURSDAY WITH EXPECTATION ADOPT
REPORT COB FRIDAY, ON DAY EARLIER THAN SCHEDULED.

6. EFFECTIVE DEMAND IN 1980/81 FOR COMBINED THREE PRIMARY
NUTRIENTS FORECAST AT 123 MILLION TONS AND SUPPLY 126 MILLION
TONS BASED ON INVESTMENTS FIRMLY PLANNED AS OF

MARCH 31, 1975. IN 1980/81, WORLD DEMAND FOR NITROGEN FERTILIZER FORECAST AT 60.6 MILLION TONS - AN INCREASE OF 47 PERCENT OVER 1974/75. WORLD DEMAND FOR PHOSPHATE FERTILIZER IS FORECAST TO REACH 33 MILLION TONS IN 1980/81, AN INCREASE OF 31 PERCENT OVER 1974/75. WORLD DEMAND FOR POTASH FORECAST AT NEARLY 30 MILLION TONS IN 1980/81 - AND INCREASE OF 34.6 PERCENT.

7. SECRETARIAT PROPOSAL FOR ELEMENTS OF A WORLD FERTILIZER POLICY SUGGESTED SEPARATE SHORT AND LONG TERM ACTIONS. THE SHORT TERM PROPOSALS WERE LIMITED TO (1) STRENGTHENING THE INTERNATIONAL FERTILIZER SCHEME THROUGH INCREASED CONTRIBUTIONS AND (2) EXPANSION OF BILATERAL FERTILIZER AID. LONGER TERM ACTIONS AIMED PRIMARILY AT GREATER FERTILIZER MARKET STABILITY AND INCREASED FERTILIZER USE TO EXPAND FOOD PRODUCTION WERE PROPOSED BY SECRETARIAT COVERING FOLLOWING AREAS OF WORK:

- 1) BASIC INFORMATION AND FORECASTING;
- 2) PRICING STABILITY (THROUGH LONG TERM CONTRACTS);
- 3) NEW INVESTMENT IN FERTILIZER PRODUCTION CAPACITY (IN DEVELOPING COUNTRIES);
- 4) CAPACITY UTILIZATION; AND
- 5) FERTILIZER PROMOTION AND EFFICIENT USE.

8. ALTHOUGH FINAL COMMISSION REPORT IS TO BE ADOPTED LATER TODAY, NO SIGNIFICANT SHIFTS IN EMPHASIS ARE ANTICIPATED WITH RESPECT TO ABOVE PROPOSALS. IF ANY MAJOR CHANGES DEVELOP, THESE WILL BE REPORTED IN A SECOND CABLE. VOLPE
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